GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

STARRED QUESTION NO:138
ANSWERED ON:27.10.2008
FINANCIAL CRISIS IN NAFED
Sujatha Smt. C.S.

Will the Minister of AGRICULTURE be pleased to state:

(a) whether the National Agricultural Cooperative Marketing Federation of India Limited (NAFED) is facing financial crisis;

(b) if so, the details thereof and the reasons therefor;

(c) whether a large amount of loan given to private companies by NAFED is pending recovery; and

(d) if so, the details thereof and the steps taken to recover the amount?

Answer

MINISTER OF AGRICULTURE(SHRI SHARAD PAWAR)

(a) to (d): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO. 138 DUE FOR REPLY ON 27TH OCTOBER, 2008.

(a) to (d): NAFED has reported that it has diversified its business activities and undertaken new business initiatives in Public Private Partnership (PPP) mode (Tie-up) business during 2003-04 on the pattern followed by other PSUs like STC, MMTC and PEC etc. with due approval of its Board of Directors. Under this arrangement, NAFED had invested an amount of Rs.3962.24 crore with 62 parties. As on date, 29 Tie-up business associates of NAFED defaulted on repayment of dues to the extent of about Rs.1429.87 crore comprising principal amount of Rs.1076.18 crore and Rs.353.69 crore towards interest and service charges as on 31.8.2008. This has resulted in a overall net loss of Rs.56.69 crore to NAFED during 2007-08 and has adversely affected the liquidity position of NAFED as well as its business programme. NAFED has taken steps to recover the outstanding amount by filing criminal complaints with CBI/Economic Offences wing of Crime Branch of Delhi Police, besides initiating legal cases and Arbitration proceedings against the defaulting parties and by pursuing these cases vigorously. The properties/stocks of the defaulting parties in all possible cases have been restrained and action for disposal of such properties/stocks has also been initiated. The cases have also been filed under Seciton 138 of Negotiable Instrument Act for dishonour of all cheques of the defaulting parties.